16

STANDING COMMITTEE ON
COAL AND STEEL
(2015-2016)

SIXTEENTH LOK SABHA

MINISTRY OF MINES

DEMANDS FOR GRANTS
(2015-2016)

[Action Taken by the Government on the Observations/Recommendations contained in the Eighth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha)]

SIXTEENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2015*/Agrahayana,* 1937 *(Saka)*

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Presented to Lok Sabha on 16.12.2015

Laid in Rajya Sabha on 16.12.2015

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL (2015-16)

Shri Rakesh Singh — *Chairperson*

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3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Nagesh Godam
6. Shri Faggan Singh Kulaste
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15. Shri Tathagata Satpathy
16. Shri Janardan Singh "Sigriwal"
17. Shri Pashupati Nath Singh
18. Shri Rama Kishore Singh
19. Shri Sunil Kumar Singh
20. Shri Sushil Kumar Singh
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Rajya Sabha

22. Shri M.J. Akbar
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SECRETARIAT

1. Shri Ravindra Garimella — *Joint Secretary*
2. Shri Ajay Kumar Garg — *Director*
3. Shri Arvind Sharma — *Additional Director*
4. Shrimati Madhu Tandon — *Sr. Executive Assistant*

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Sixteenth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Eighth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on "Demands for Grants (2015-16)" of the Ministry of Mines.

2. The Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 24.4.2015. Replies of the Government to all the observations/recommendations contained in the Report were received on 30.7.2015.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 19.11.2015.

4. An analysis on the Action Taken by the Government on the observations/recommendations contained in the Eighth Report (Sixteenth Lok Sabha) of the Committee is given at **Annexure-II.**

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Chapter-I of the Report.

NEW DELHI;
3 *December*, 2015
12 *Agrahayana,* 1937 *(Saka)*

RAKESH SINGH,
Chairperson,
Standing Committee on Coal and Steel.

CHAPTER I

REPORT

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2015-16) relating to the Ministry of Mines which was presented to Lok Sabha on 24.04.2015 and laid in Rajya Sabha on 24.04.2015.

2. The Action Taken Replies have been received from the Ministry of Mines on 30.07.2015 in respect of all the 19 observations/ recommendations contained in the Report. These have been categorized as follows:—

(i) Observations/Recommendations which have been accepted by the Government:
Serial Nos. 3, 4, 5, 6, 7, 10, 11, 13, 16, 18 and 19

Total-11
Chapter-II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:
Serial No. 12

Total-01
Chapter-III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:
Serial Nos. 2 and 17

Total-02
Chapter-IV

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:
Serial No. 1, 8, 9, 14 and 15

Total-05
Chapter-V

3. The Committee do hope and trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that final Action Taken Replies on the Observations/Recommendations contained in Chapters-I and V of this Report be furnished to them at an early date.

4. The Committee will now deal with the Action Taken by the Government on some of their observations/recommendations made in the Eighth Report.

Recommendation (Serial No. 2)

ANNUAL PLAN OF PSUs

5. The Committee were concerned to note that although Rs. 1729.39 crore was earmarked at BE stage during 2014-15 for Public Sector Undertakings (PSUs) under the Ministry of Mines [through Internal and Extra Budgetary Resources (IEBR)], the same was reduced to Rs. 629.64 crore at RE stage and the actual utilization was only Rs. 445.04 crore (upto February, 2015) which comes to just 64% of the RE. Similarly, for the year 2013-14, the BE of Rs. 2452.12 crore was drastically reduced to Rs. 952.75 crore at RE stage and the actual utilisation was only Rs. 821.00 crore. The Committee felt that under-utilization of funds year after year earmarked under IEBR for various PSUs reflects serious shortcomings in the implementation of ongoing projects as well as setting of unrealistic targets. The Committee, therefore, recommended that besides preparing realistic budgetary proposals, there is an imperative need to ensure that the expenditure by PSUs is closely monitored by the Ministry to ensure the better utilization of the earmarked funds.

6. The Ministry in their Action Taken Reply have informed the Committee as under:—

> "The projections *vis-à-vis* achievement of the projects implemented under I&EBR of NALCO are highlighted in table 1.2.

Table 1.2 The projection *vis-à-vis* achievement of the Projects projected under I&EBR

(Rs. in crore)

Name of Scheme/Programme	2014-15		
	Annual Plan	RE	Actual (Prov. Expenditure)
Captive Coal Mine Utkal E-Coal	123.29	7.96	4.00
Upgradation of Alumina plant	21.00	32.40	15.73
Green field projects	592.16	35.51	1.14
Pottangi Bauxite Mine and 5th Strm Refinery	1.00	0.53	–
220 KA Upgradation of Smelter	3.54	Nil	–
Additions/Modifications Replacements (AMRs)	440.03	323.98	261.43
Total	1,181.02	400.38	282.30

The major reasons for reduced expenditure in 2014-15 are given below:—

(a) **Coal Mines (Utkal–E):** Pursuant to the order dated 24.9.2014 of Hon'ble Supreme Court of India, allocation of Utkal-E coal block in favour of NALCO stands withdrawn and further work in Utkal-E Coal block has been kept on hold. No further expenditure could be made on this head.

(b) **Upgradation of Alumina plant:** Against the approved project cost of Rs. 409 crore, a cumulative sum of Rs. 343.33 crore is spent upto March, 2015. Company is expecting a saving to the extent of about Rs. 66.00 crore in this project. Since the project is fully commissioned, no further major expenditure is anticipated under this head. Accordingly, the RE 2014-15 projection of Rs. 32.40 crore was based on the actual progress of the project and execution of some ancillary facilities. However, due to delay in execution, about 50% of the RE projection could be spent and balance spilled over to next year.

(c) Greenfield Project:

(i) **Gujarat Refinery:** The projected CAPEX of Rs. 587.00 crore could not be spent during the financial year pending investment decision, which is dependent upon consent from GMDC for equity participation in the project besides other issues. No sum could be spent under this head during the current year.

(ii) **Other projects:** Projects such as Caustic Soda project (BE 2014-15 allocation Rs. 1.02 crore), Aluminium Conductor Plant (BE 2014-15 allocation Rs. 1.6 crore), roof-top solar plant (BE 2014-15 allocation Rs. 1.40 crore) and Overseas Mineral acquisition projects (BE 2014-15 allocation Rs. 85 crore) did not have expected progress. Negligible sum could be spent under these heads due to lesser than expected progress.

(d) 220 KA Upgradation of Smelter: The project activities could not commence, pending a study on alternate options of considering higher amperage pots. Since the project is under hold, no further projection was made in RE stage, accordingly no expenditure was made.

(e) AMR Projects:

Lower expenditure made during the year is due to delay in execution of the following major projects to the following reasons:—

(a) Refinery:

(i) 220 KV Transmission Line Project from Laxmipur

(ii) Peripheral road and Boundary wall

(iii) Back Pressure Turbo-Generator-5 (BPTG-5)

(b) Smelter:

(i) Modification of Sprinkler System in 220 KV sub-station

(ii) Fume Treatment Centre (FTC)

(iii) 3 nos. of Centrifugal Compressors

(iv) Revamping of de-dusting systems in butt handling

(v) Rooftop solar panel

(vi) Augmentation of de-fluoridation plant

(c) CPP:

(i) Rail Transportation System

(ii) Signaling and Telecommunication System

(iii) Coal handling and allied logistics System

(iv) Civil works and Ash Management Project

The delay is mainly due to delay in execution by the executing agencies, poor response to the tendering process, local resistance to the projects in some cases and delay in availability of various statutory clearances required for the project.

Follow-up of the Plan expenditure:

The Company has adopted following steps for achievement of plan target in production units of NALCO:–

1. The Plan expenditures are being monitored on monthly basis by all the units at the level of complex head. Major projects that affect the operational capability of the company are taken on priority basis.

2. Besides review at units, the expenditure and progress of plan expenditure projects are being reviewed at corporate office at its highest level.

3. Dedicated AMR groups have been formed with assigned responsibility at each production units for carrying out the high value AMR projects.

4. The internal system is being revisited to ensure that target setting remains realistic.

Further to above, plan expenditure is being monitored at corporate level regularly at CMD's monthly review meeting. Further, quarterly review of the plan expenditure is being made at Ministry level for course correction of the plan expenditure."

7. The Committee while expressing their concern over the under-utilization of planned funds year after year by various PSUs under the Ministry of Mines had observed serious shortcomings in implementation of ongoing projects as well as setting of unrealistic targets. The Committee note that the Ministry in their action taken reply has informed about certain steps taken by NALCO for achievement of plan targets which include regular review meeting and monitoring of plan expenditure at corporate level and at CMD's level on monthly basis. Further, quarterly review of the plan expenditure at Ministry level has also been prepared for course correction of the plan expenditure. The Committee nevertheless are unhappy to note that the reply of the Ministry is silent on the corrective steps taken by other PSUs to improve utilization of funds. The Committee, therefore, find it necessary to recommend that the Ministry apprise them of the action taken by other PSUs like Hindustan Copper Ltd. (HCL) and Mineral Exploration Corporation Ltd. (MECL) for utilization of earmarked funds during 2015-16. With a view to ensure prudent fiscal management, the Committee wish to emphasize upon the Ministry of Mines to vigorously monitor these PSUs for ensuring better performance during the current fiscal.

Recommendation (Serial No. 4)

ONGOING IMPORTANT PROJECTS OF GSI

8. The Committee also noted that so far the GSI have been carrying out mineral exploration for mineral deposits upto G4 and G3 levels of United Nations Framework Classification (UNFC). Now with the passing of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 allowing competitive bidding of minerals, the GSI shall take up G2 and G1 stage exploration of UNFC classification of mineral investigation from 2015-16 onwards. The Committee, however, found that presently, GSI is poorly equipped to meet this challenge as the fleet of drilling rigs available with GSI is quite old and the GSI needs to develop its drilling capacity through bringing in cutting edge technology, procurement of high quality drilling equipment. Similarly, analytical capacity of the chemical laboratories of GSI have also to be enhanced. The Committee, therefore, strongly recommended that all the necessary steps in this regard must be undertaken by the GSI/ Ministry for timely procurement of additional equipment/technology which in the opinion of the Committee would also yield better utilization of funds during 2015-16. The Committee would like to be informed about the steps taken by

the Ministry/GSI in this regard and desired that manpower requirements should also be reviewed to meet the requirement of additional work being undertaken by GSI.

9. The Ministry in their Action Taken Reply have informed the Committee as under:—

"GSI had been carrying out exploration for mineral deposits upto G4 and G3 levels of United Nations Framework Classification (UNFC) till the FS 2014-15. From FS 2015-16 onwards, GSI will be taking up mineral exploration items pertaining to G2 and G1 level of UNFC. For successful execution of these items, the drilling capacity and the chemical analytical capability of the chemical laboratories of the department have to be developed. GSI is taking/planning to take the following steps to ensure development/strengthening of the drilling capacity and analytical capability of chemical laboratories:—

1. Replacement of old drills/pumps (more than 10 years) and other accessories like drill rods, casings, barrels etc. by new ones.

2. Procurement of truck mounted hydrostatic drills of 1500 m depth capacity and procurement of wire line drilling accessories.

3. Extensive use of synthetic diamond core bit (serrated) and also poly crystalline diamond (PCD) bits are to be adopted for increase in productivity.

4. All drilling sites engaged in bentonite mud drilling to be equipped with mud testing facility and adopting extensive use of polymer in hard/fractured formations which will ensure improved borehole cleaning and bit performance.

5. Long distance shifting to be done by hiring private transport.

6. Improvement of living condition and provisioning of computers/ laptops in drilling camps.

7. Recruitment and training of Gr-C technical personnel and streamline career prospects to attract drilling Engineers in Gr-A and B cadre.

8. Periodic training facility/Orientation programme for drilling personnel for acquiring the latest knowledge and keeping updated in state-of-the-art drilling technology.

Regarding enhancement of the analytical capability of the chemical laboratories, GSI is procuring state-of-the-art instrument like ICPMS, XRF and AAS for different regional and State unit laboratories which are going to increase the capability of the chemical laboratories many fold.

As per the recommendations of the High Powered Committee (HPC), which has been approved by the Union Cabinet on 25.10.2011, the sanctioned strength of GSI in all grades has been enhanced by 949 posts from 11420 to 12369 posts. The total sanctioned strength of geology stream will be achieved by FY 2019-20, that of geophysics stream will be achieved by FY 2017-18 and that of chemical stream will be achieved by FY 2018-19 progressively. Filling up of vacancies of engineering stream is under process and the total sanctioned strength will be achieved very shortly. The posts in survey, finance, personnel, stenography and other streams may be filled up progressively by 2018. Thus, the total sanctioned strength of GSI may be achieved gradually by FY 2019-20."

10. The Committee had observed that with the passing of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 allowing competitive bidding of minerals, the Geological Survey of India (GSI) decided to take up G2 and G1 stage exploration of United Nations Framework Classification (UNFC) classification of mineral investigation from 2015-16 onwards. The Committee, however, found that GSI is poorly equipped to meet this challenge as the fleet of drilling rigs available with GSI is quite old and the GSI needs to develop its drilling capacity through bringing in cutting edge technology, procurement of high quality drilling equipment and analytical capacity of the chemical laboratories of GSI have also to be enhanced. In this regard, the Committee note from the action taken reply of the Ministry that GSI is taking/planning to take certain steps to ensure development/ strengthening of the drilling capacity and analytical capability of chemical laboratories. For enhancement of the analytical capability of the chemical laboratories, GSI is procuring state-of-the-art instruments like Inductively Coupled Plazma Mass Spectrometer (ICPMS), X-Ray Fluorescence (XRF) and Atomic Absorption Spectrometer (AAS) for different regional and State unit laboratories which are going to increase the capability of the chemical laboratories many fold. While appreciating the various corrective steps being undertaken by GSI to ensure development/strengthening of the drilling capacity and analytical capability of chemical laboratories, the Committee would like to

emphasize upon the need for sustained endeavours on the part of the Ministry of Mines/GSI to make all efforts for ensuring implementation of such planned initiatives in a time bound manner.

Recommendation (Serial No. 8)

RESTRUCTURING OF IBM

11. The Committee have noted that IBM has initiated implementation of 26 non-financial recommendations of Review and Restructuring Committee constituted for the purpose of Review and Restructuring of IBM. The Committee felt that in the wake of transfer of 31 minerals as minor minerals to States after coming into force of MMDR Amendment Act, 2015, the role of IBM needs to be redefined. Although, the Ministry of Mines have submitted that role of IBM would be redefined by way of subordinate legislation by amending Mineral Concession Rules, 1960 and Mineral Conservation and Development Rules, 1988, the Committee felt that immediate steps were needed to be taken by the Ministry of Mines to revise the restructuring proposal of IBM so that it can meet its added responsibilities.

12. The Ministry have submitted in their Action Taken Reply as below:—

"Substantial changes are made in MMDR (Amendment) Act, 2015 to regulate the Act of MMDR 1957; to regulate the mining sector in fair and transparent manner. Auction rules prescribes for sale price of the mineral which shall be based on the prices published by IBM. It is being envisaged to include IBM in the National Mineral Exploration Trust as member. As maintained by the Hon'ble Standing Committee, 31 minerals have been recently declared as minor mineral. Nevertheless the Monitoring Committee is examining the sphere of redefining the concrete role for IBM in the context of new rating regime.

Ministry is also examining the scenario if MCDR is extended to all minerals including minor minerals which may take some more time. After receipt of such report by the Monitoring Committee, Ministry shall examine action plan for IBM."

13. The Committee in their original Report had taken note of the ongoing review and restructuring of IBM and felt that its role also needs to be redefined in the wake of transfer of 31 minerals as 'minor minerals' to States after coming into force of MMDR Amendment Act, 2015. In this regard, the Committee note from the action taken

reply of the Ministry that a Monitoring Committee is presently examining the sphere of redefining the concrete role for IBM. In addition, the Ministry is also examining the possibility of extending Mineral Concession Rules to all minerals including minor minerals which may take some time. The Ministry have submitted that after receipt of the Report of the Monitoring Committee, the Ministry shall examine action plan for IBM. The Committee, therefore, desire that the entire process of examination of various issues pertaining to review, restructuring and redefining the role of IBM should be completed in a time bound manner and the Committee be apprised of the status within 3 months of the presentation of the Report.

Recommendation (Serial No. 17)

NATIONAL INSTITUTE OF MINERS' HEALTH (NIMH)

14. The Committee had noted that the National Institute of Miners' Health (NIMH) established in 1990 is the only Institute exclusively devoted to occupational health issues of mine workers. The Institute had done pioneering works like conducting large scale studies on exposure to equipment induced vibration, formulated guidelines for health risk assessment, noise mapping in mines, detection of high prevalence of silicosis among stone mine workers in Karauli District of Rajasthan etc. The Committee noted that the Institute is currently implementing a large scale 'Multi-centric study on dust related diseases and developments of sustainable preventive programmes' sponsored by the Ministry of Mines and the Ministry of Labour.

While appreciating the pioneering works being undertaken by the Institute, the Committee desired that the Government should extend all possible support for ensuring that the Institute is able to carry out its works without any kind of physical or financial constraints. The Committee further recommended that utmost attention should be given to implement the suggestions made by the Institute on issues concerning the health of mine workers.

15. The Ministry have submitted in their Action Taken Reply as below:—

"The Institute in its march towards the objectives, goals and vision of *"Safe Mines and Health Miners"* is taking forward strides in its endeavour to help the mining and mineral based industry in detection, prevention and control of occupational health problems at workplace through a focused program of work environment monitoring, health surveillance and health promotion.

At present, the Government is sponsoring the following S&T projects to the Institute:—

- Development of standard framework and guidelines for noise mapping in mines and surrounding community. (total cost of the project Rs. 78.10 lakh; duration — 3 years; sponsored by — Ministry of Mines)
- Evaluation of biomarkers for early detection of noise induced hearing loss in the mine workers. (total cost of the project Rs. 90.86 lakh; duration — 3 years; sponsored by — Ministry of Mines)
- Multi-centric study of dust related diseases in stone mines and development of sustainable preventive programme. (total cost of the project Rs. 468.40 lakh; duration — 3 years; sponsored by — Ministry of Mines and Ministry of Labour)

The Government has also approved Rs. 225 lakhs for equipment purchase and re-engineering of physical spaces/creation of new laboratories etc. to the Institute, out of which Rs. 125 lakhs has already been released. In addition to above, the Government has approved non-plan grant-in-aid of Rs. 190 lakhs for the year 2015-16 for the Institute."

16. The Committee while appreciating the pioneering works like conducting large scale studies on exposure to equipment induced vibration, guidelines for health risk assessment, noise mapping in mines, detection of high prevalence of silicosis among stone mine workers in Karauli District of Rajasthan etc., by NIRM had recommended that utmost attention should be given to implement the suggestions made by the Institute. Although, the Government in their action taken reply have informed the Committee about the S&T Projects of NIRM sponsored by them and plan and non-plan grants-in-aid to the Institute, the reply of the Government is silent on implementation of the recommendations of NIRM on issues concerning the health of mine workers. Health and safety of mine workers is *sine-quanon* and a threshold commitment for any organization involved in mining projects. The Committee would, therefore, like to be apprised of the recommendations made by NIRM on Workers safety and action taken by the Government for implementation of the same in public and private sector companies engaged in mining activities.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

GEOLOGICAL SURVEY OF INDIA (GSI)

Under-utilization of Funds

Recommendation (Serial No. 3)

The Committee note that the Gross Budgetary Support of Rs. 462.58 crore to GSI as per the approved plan allocation for 2015-16 constitutes about 81.07% of the total GBS of the Ministry which stands at Rs. 570.58 crore indicates the importance of GSI in creation and updation of national geo-scientific Data and mineral resource assessment besides other important activities being carried out by it. In this regard, the Committee observe that the budget allocation of Geological Survey of India (GSI) for the year 2014-15 was substantially reduced from Rs. 483.70 crore at BE stage to Rs. 267.20 crore at RE stage and the GSI could spend only Rs. 248.54 crore (upto 23 March, 2015). The Ministry of Mines have attributed this reduction and under-utilization of funds to the non-implementation of two major projects of GSI *viz.* implementation of Online Core Business Integrated System (OCBIS) and procurement of Geo-technical Vessel (GTV). As regards OCBIS, Rs. 97.17 crore was earmarked for its implementation, but due to delayed sanction for the project, this amount was withdrawn. For the procurement of GTV, the sanctioned amount of Rs. 41.00 crore could not be utilized as approval could not be obtained due to technical reasons. The Committee feel that such delays in execution of projects not only lead to under-utilization of the planned funds but also adversely affect the overall functioning of the concerned organization. According to the Ministry's own admission, there is every likelihood that some of the operational activities of the GSI may be adversely affected by the budget cut in all major missions. The Committee, therefore, recommend the Ministry to review the progress of projects/fund utilization at regular intervals for ensuring that the projects are implemented as per planned schedule right from preparation of feasibility report to their completion. The Committee would like to be apprised of the steps taken by the Ministry/GSI for ensuring that the OCBIS and GTV projects as well as all other projected schemes are implemented

well in time during 2015-16 as per their scheduled target and no funds remain unutilized.

Action Taken

The non-receipt/late receipt of timely approval for the major projects like the OCBIS and GTV were two of the main reasons for reduction in requirement/under-utilization of funds during the FY 2014-15.

During the FY 2015-16, GSI has been allocated a total plan budget grant of Rs. 462.58 crore the plan allocation under different schemes for 2015-16 has been increased in various degrees keeping in view the following factors:—

(i) DTE under Direction and Administration head has been increased to meet the requirement for new recruits in S&T streams and also for taking up of about 737 FSP programmes under different schemes, OE (V) has been increased substantially to accommodate the HQ/Office expenses on POL and other official expenses which have increased manifold.

(ii) Maintenance charges for new OGRV, along with the existing coastal vessels (under Survey and Mapping Scheme—Other Charges) to Shipping Corporation of India and maintenance/running of airborne survey systems (Twin Otter and Heliborne Survey System), outsourcing of analysis of NGCM samples under OC head of Survey and Mapping.

(iii) Earlier, GSI carried out only G3 and G4 stage of exploration and did not take up detailed exploration of minerals under the G1 and G2 stage investigation, but these investigations shall be taken up from the current year 2015-16 by GSI. It is expected that expenditure shall increase under mineral exploration head towards taking up of increased number of items including G1 and G2 level under UNFC as well as for outsourcing of drilling, vehicles etc.

(iv) Development and upgradation of the existing training centres and to provide free of cost training to the scientists of the State Government Geological Bodies; for preparation of IGC 2016 in South Africa and IGC 2020, India.

(v) Enhancement in IT (OAE) activities for development of Phase-III Portal (OCBIS), maintenance of existing portal, software,

softcopy conversion of report, e-procurement, e-library, map service in internet, geo-physical repository etc. It is worth mentioning here that the requisite approval of the competent authority regarding implementation of OCBIS has been received during the last quarter of the last FY.

(vi) Additional items under special investigation and research activity in GSI on National Landslide Susceptibility Mapping, Deccan Volcanics, Gondwana Basin Analysis and Himalayan Geology in connection with IGC 2016 and 2020.

(vii) For timely implementation of OCBIS during the current FY 2015-16, a 3-tier project governance structure including a PMU, Steering Committee at GSI and Empowered Committee at the Ministry of Mines has been planned. IT Consultancy firm M/s. PwC Ltd., the PMU, will be addressing technical issues; the high level Steering Committee of GSI will monitor the progress of the project and take appropriate decisions as and when required; and the overall monitoring of the implementation of OCBIS will be done regularly by the Empowered Committee at the Ministry of Mines. Regarding GTV, the Director General, GSI has constituted a Task Force for overseeing the fresh procurement process for GTV. The 1st meeting of this Task Force has already been held and it has recommended in favour of floating fresh Expression of Interest (EoI). Pre-defined time lines have also been set for the different stages of the procurement process. GSI will take all possible measures to complete the procurement process on time as per the PERT chart and to avoid funds as well as time overrun in the execution of the project.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

ONGOING IMPORTANT PROJECTS OF GSI

Recommendation (Serial No. 4)

The Committee also note that so far the GSI have been carrying out mineral exploration for mineral deposits upto G4 and G3 levels of United Nations Framework Classification (UNFC). Now with the passing of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 allowing competitive bidding of minerals, the GSI shall take up G2 and G1 stage exploration of UNFC classification of mineral investigation from

2015-16 onwards. The Committee, however, find that presently, GSI is poorly equipped to meet this challenge as the fleet of drilling rigs available with GSI is quite old and the GSI needs to develop its drilling capacity through bringing in cutting edge technology, procurement of high quality drilling equipment. Similarly, analytical capacity of the chemical laboratories of GSI have also to be enhanced. The Committee, therefore, strongly recommend that all the necessary steps in this regard must be undertaken by the GSI/Ministry for timely procurement of additional equipment/technology which in the opinion of the Committee would also yield better utilization of funds during 2015-16. The Committee would like to be informed about the steps taken by the Ministry/ GSI in this regard and desire that manpower requirements should also be reviewed to meet the requirement of additional work being undertaken by GSI.

Action Taken

GSI had been carrying out exploration for mineral deposits upto G4 and G3 levels of United Nations Framework Classification (UNFC) till the FS 2014-15. From FS 2015-16 onwards, GSI will be taking up mineral exploration items pertaining to G2 and G1 level of UNFC. For successful execution of these items, the drilling capacity and the chemical analytical capability of the chemical laboratories of the department have to be developed. GSI is taking/ planning to take the following steps to ensure development/strengthening of the drilling capacity and analytical capability of chemical laboratories:—

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3. Extensive use of synthetic diamond core bit (serrated) and also Poly Crystalline Diamond (PCD) bits are to be adopted for increase in productivity.
4. All drilling sites engaged in bentonite mud drilling to be equipped with mud testing facility and adopting extensive use of polymer in hard/fractured formations which will ensure improved borehole cleaning and bit performance.
5. Long distance shifting to be done by hiring private transport.
6. Improvement of living condition and provisioning of computers/ laptops in drilling camps.

7. Recruitment and training of Gr-C technical personnel and streamline career prospects to attract drilling Engineers in Gr-A and B cadre.

8. Periodic training facility/Orientation programme for drilling personnel for acquiring the latest knowledge and keeping updated in state-of-the-art drilling technology.

Regarding enhancement of the analytical capability of the chemical laboratories, GSI is procuring state-of-the-art instruments like ICPMS, XRF and AAS for different regional and State unit laboratories which are going to increase the capability of the chemical laboratories many fold.

As per the recommendations of the High Powered Committee (HPC), which has been approved by the Union Cabinet on 25.10.2011, the sanctioned strength of GSI in all grades has been enhanced by 949 posts from 11420 to 12369 posts. The total sanctioned strength of geology stream will be achieved by FY 2019-20, that of geophysics stream will be achieved by FY 2017-18 and that of chemical stream will be achieved by FY 2018-19 progressively. Filling up of vacancies of engineering stream is under process and the total sanctioned strength will be achieved very shortly. The posts in survey, finance, personnel, stenography and other streams may be filled up progressively by 2018. Thus, the total sanctioned strength of GSI may be achieved gradually by FY 2019-20.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

Comments of the Committee

(Please *see* para 10 of Chapter-I of the Report)

Recommendation (Serial No. 5)

The Committee also note that as per a recent policy decision, GSI will complete the National Geochemical Mapping (NGCM) project in the remaining core OGP areas carrying 344214.44 sq. km. in 491 Toposheets by the end of 12th Plan period. This is a very important project of GSI as it will help in identifying new prospective areas for future mineral exploration. Another project namely National Geophysical Mapping (NGPM) Programme which is helpful in identification of Obvious Geological Potential (OGP) areas for the purpose of mineral exploration covering an area of 2,13,500 sq. km. in 305 toposheets is scheduled to be completed by GSI by the end of March, 2018 (second year of 13th Five Year Plan). Looking at the importance of these projects from the point of view of identification and exploration of mineral wealth of the country,

the Committee desire that the Ministry as well as GSI must give top most priority to these projects in order to derive maximum gains in the field of exploration. The Committee would like to be informed of the progress made in these projects.

Action Taken

As per a recent policy decision, GSI now proposes to complete the National Geochemical Mapping (NGCM) project in the core Obvious Geological Potential (OGP) areas by the end of 12th Plan. Out of the total coverage of 8.13 lakh sq. km. area required for completing the OGP area of 5.71 lakh sq. km., a total of 1,13,174 sq. km. area has been covered during 10th Plan and an area of 1,41,243 sq. km. has been covered during 11th Plan. By the end of 3rd year of 12th Plan, a total of 2,85,592.50 sq. km. has been covered (1st year: 80,317 sq. km.; 2nd Year: 92275.5 sq. km. and 3rd year: 1,13,000 sq. km.). In order to expedite the coverage, the priority OGP area of 344214.44 sq. km. has been identified as Core OGP area on the basis of toposheets containing 90% and above OGP area. This core OGP area is to be covered by the end of 12th Plan, an area of 1,49,059 sq. km. of core OGP has been covered till March, 2015 leaving a total area of 1,66,832.32 sq. km. (that excludes a total inaccessible area of 28,323.12 sq. km. spreading over 41 toposheets) which is proposed to be completed by March, 2017.

Similarly the National Geophysical Mapping (NGPM) programme is scheduled to be completed by the end of March, 2018 (by the end of 1st year of 13th plan). A total of 2,78,083 sq. km. has been covered by geophysical mapping up till March, 2015. Out of the total coverage, an area of 1,27,140.37 sq. km. has been covered as OGP area by end of March, 2015. Upto March, 2015, core OGP area of 1,19,340.33 sq. km. has been covered. The remaining core OGP area of 2,24,874.11 sq. km. needs to be covered by the end of March 2018 (by the end of 1st year of 13th Plan).

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

INDIAN BUREAU OF MINES (IBM)

Recommendation (Serial No. 6)

The Committee note that for the year 2015-16 an amount of Rs. 53.00 crore has been kept in BE for Indian Bureau of Mines. The Committee also note that for the year 2014-15 also, Rs. 53.00 crore was provided at BE stage for implementation of various schemes of the organisation which it was

subsequently reduced to Rs. 31.50 crore at RE stage, and the actual expenditure incurred on these schemes till 23.03.2015 was Rs. 26.20 crore only which clearly shows that the IBM was unable to utilize even the reduced funds for the various schemes during 2014-15. The Committee further note that IBM is presently carrying out 5 schemes namely Inspection of Mines for Scientific and Systematic Mining, Mineral Conservation and Mines Environment; Mineral Beneficiation Studies — Utilization of low grade and sub-grade ores and analysis of environmental samples; Technological Upgradation and Modernization; Collection, processing, dissemination of data on Mines and Minerals through various publications; and computerized online system of Mining Tenement System (MTS). The Committee are concerned to note that no expenditure has been incurred on the Scheme—Mining Tenement System due to non-receipt of bid for the implementing agency for MTS. The Committee expect that with regular monitoring of on-going schemes and fixing of responsibilities on the respective divisions, IBM will be able to spend Rs. 53.00 crore approved for the year 2015-16. The Committee also desire that all out efforts be made by the Ministry/IBM to expedite the retendering process of RFP so that such an important ongoing scheme of Mining Tenement System can be implemented at the earliest.

Action Taken

The reasons for variation in BE, RE and final expenditure *inter-alia* include: 1. Non-filling up of vacant posts, 2. Non-materialization of ACP/MACP case, 3. Savings due to austerity measures and 4.Un-timely response to tenders for purchase of NER Equipments. Concerns regarding under utilization of budgeted amount by IBM has been duly noted by the Ministry. To ensure to spend Rs. 53.00 crore approved for the year 2015-16, IBM has been directed to monitor time schedules to implement various action for utilization of funds including purchase of machinery and equipments under NER, MTS, TSP and monitoring of expenditure by monthly basis at IBM as well at Ministry's level, so as to comply with the provisions of FRBM Act. Process of monitoring by Ministry of Mines has been strengthened. As indicated in reply to Para No. 1 above, all out efforts are being made to expedite the re-tendering and completing the other process of RFP, which is expected substantially resolve fiscal/physical target of MTS.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

Recommendation (Serial No. 7)

As regards timely implementation of ongoing schemes of IBM, the Committee note that for the year 2015-16, a detailed action plan with month-wise/quarter-wise activities is being prepared which would be monitored at the level of Controller-General, IBM through monthly performance report and the progress would also be reviewed in the Ministry. The Committee while appreciating such measure proposed to be taken by IBM desire that they may be apprised of the follow up action taken in this regard as well as the impact of putting into place such mechanism on the overall performance of IBM.

Action Taken

As per Annual Programme 2015-16, a detailed division-wise/activity-wise Action Plan with month-wise/quarter-wise targets and achievements for implementing on-going schemes have been put in place for compliance. Monthly progress as per Action Plan 2015-16 is being monitored by Ministry.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

HINDUSTAN COPPER LIMITED (HCL)

Recommendation (Serial No. 10)

The Committee note that the outlay of Rs. 522.16 crore at BE stage for HCL during 2014-15 was reduced to Rs. 268.00 crore at RE stage. The actual utilization of the funds was, however, Rs. 205.44 crore upto February, 2015 which comes to a dismal 76.65% of RE. The Committee also note a continuous decline in turnover and net profit after tax of HCL during the last three years. During 2012-13, the target of turnover of HCL was Rs. 1540.50 crore which got reduced to Rs. 1475.27 crore. Again, during 2014-15 against the turnover target of Rs. 1132.82 crore, the actuals were Rs. 845.40 crore (upto February, 2015). Similarly, the net profit before tax of HCL fell from Rs. 273.05 crore in 2013-14 to Rs. 41.00 crore (upto February, 2015) in 2014-15. The target for net profit after tax of HCL, for the year 2015-16 has been kept at Rs. 84.07 crore.

While reviewing the physical targets set for the last three years for ore production, Metal-in-Concentrate (MT), etc., the Committee find that the same have not been achieved. Against the target of 40 lakh tonne of ore production in 2012-13, actual production was 36.57 lakh tonne. During 2013-14, the target of ore production was 39.00 lakh tonne but the production further declined to 36.27 lakh tonne. Similarly, against 40.00 lakh tonne of ore

production during 2014-15, the actual production was 32.03 lakh tonne. Regarding production of Metal-in-Concentrate, against the target of 35000 MT, 35200 MT and 35000 MT in 2012-13, 2013-14 and 2014-15 respectively, the achievements were only 29285 MT, 32276 MT and 22450 MT respectively. According to the Ministry, the main reasons for shortfall in utilization of funds were non-availability of environment and forest clearance for Malanjkhand, Rakha and Kandadih Mine projects and delay in getting clearance from National Wild Life Board. The work at Surda Mine Project was affected due to the closure order issued by State Government on 8.9.2014 in pursuance to Hon'ble Supreme Court decision. From the information furnished by the Ministry, the Committee note that during 2012-13 and 2013-14, the ore production at Khetri copper complex was affected due to major break down of crushing and hoisting system at Kolihan and Khetri underground mines due to ageing and obsolescence of the equipment and backlog of mine development. While the ore production at Malanjkhand Mines suffered heavily on account of unseasonal heavy rains at Malanjkhand which submerged the lower benches under water for longer than anticipated period making them unavailable for production. The Committee further note that HCL is also expecting shortfall in expenditure under the mine expansion scheme. The Malanjkhand mine project is reported to commence in April, 2015 and the work at site for Kendadih and Rakha project will commence only after getting forest clearance for these projects.

Taking note of the low achievement of physical targets by HCL during 2012-13, 2013-14 and 2014-15, because of above stated reasons, the Committee desire that corrective measures ought to be taken and action plan be prepared by the Ministry of Mines/HCL to ensure that Plan Outlays of Rs. 475.00 crore including Rs. 305.00 crore for mine expansion are fully utilized during 2015-16 in order to achieve the production target. The Committee also desire that HCL should immediately replace ageing equipments which are critical for mining development and ensure proper maintenance of the other equipments.

The Committee also note that during 2014-15, Rs. 10.00 crore were allocated to the company for the purpose of Green Field exploration. However, the Committee are concerned to find that such funds have remained totally unutilized. Now, again for the year 2015-16, plan outlay of Rs. 10.00 crore has been earmarked for the same purpose. The Committee desire that serious attention must be given to such schemes and the Committee would like to be apprised of the action taken so far or proposed to be taken in this regard at the earliest.

Action Taken

(I) Performance 2014-15: During the year, the physical and financial performance of the company is in table no. 1.3.

Table No. 1.3 Physical and financial performance for the financial year 2014-15

Item	2014-15	
	Target	Actual
Physical:		
Ore production (lakh tonne)	40.0	35.05
Metal-in-Concentrate (MT)	35000	24878
Copper Cathode (MT)	18000	21,205
Financial:		
Gross sales turnover	1650.13	1127.49
Net Profit Before Tax	316.50	80.45
Net Profit After Tax	214.92	67.60

During 2013-14, the mine production was the best in the last 15 years. However, during 2014-15, adverse performance of the company can be attributed to the following:

- Around 20% fall in London Metal Exchange prices of Copper during last quarter of the financial year.
- 21% fall in copper ore grade of Malanjkhand mine which contributes around 65% of the ore production to the Company.
- Stoppage of Surda Mine (Jharkhand) operation from 8.9.14 due to State Government of Jharkhand orders pursuant to Hon'ble Supreme Court judgment on operation of mines on deemed renewal basis.
- Extreme water shortage at Khetri Copper Complex (Rajasthan).

Remedial Action Taken: To improve the physical production, the HCL has redesigned the Malanjkhand open pit mine in consultation with IIT, Kharagpur. Jharkhand Government in its order dated 18.3.2015 has extended the existing Surda mine lease upto March, 2020 pursuant to the MMDR

(Amendment) Act, 2015 and production of ore from the mine at Surda has commenced from 17th, June, 2015.

(II) Mine Expansion Schemes: The major constraints affecting the mine expansion projects and plan expenditure were delay in receiving the environmental and forest clearance for the major expansion projects like Malanjkhand Copper Project in Madhya Pradesh and Chapri — Sidheswar and Rakha Mine Projects in Jharkhand.

During the current financial year 2015-16, the HCL has obtained all the clearances for Malanjkhand underground copper mine project which is the flagship project of the HCL. The foundation stone laying ceremony of the project was held on 12.4.2015 at Malanjkhand and work at the site has commenced. The production from the Malanjkhand underground mine is expected to start from the third year of the project. The HCL has not received Stage-II forest clearance from the Ministry of Environment and Forests, New Delhi for the Rakha, Kendadih and Chapri-Sidheswar mine projects at Jharkhand which is likely to affect the commencement of project work at site and planned expenditure. The HCL attaches great importance to the speedy implementation of its mine expansion projects. Forest clearances are being vigorously pursued by them with the concerned Ministry.

During the current year 2015-16, the HCL will also make capital expenditure for refurbishment and retrofitting of the recently acquired copper smelting and refinery plant at Jhagadia, Gujarat. A budget of Rs. 50 crore has been planned for the above activity. The HCL has taken up following activities to fully utilize plan outlay of HCL for 2015-16:—

(i) Commencement of Malanjkhand underground mine project at site after obtaining all the statutory clearances.

(ii) Refurbishment of Gujarat Copper Project (formerly Jhagadia Copper Project).

(iii) Increased thrust on mine development activities at Malanjkhand.

In view of the above, it is expected that major portion of the plan outlay of Rs. 475 crore will be utilized during the financial year 2015-16.

Since majority of the equipment at Khetri Copper Complex are more than 25-30 years of age, those are prone to frequent breakdown. Replacement of ageing equipment is a continuous process. During 2014-15 the crusher and hoisting system of Khetri mine has been replaced. During 2015-16 the company

plans to replace the ageing sub-assemblies of crusher system at Kolihan mine and aerial ropeway at Khetri Copper Complex. The Company has increased fund allocated for renewal and replacement of old equipment to improve the reliability and availability of the equipment. An amount of Rs. 40.00 crore has been allocated by the Company under R&R budget 2015-16.

(III) Green Field Exploration: During the year 2015-16, a plan outlay of Rs. 10 crore has been earmarked for green field exploration. During the year 2014-15, the company has taken up exploration activities at Surda mining lease area which was awarded to MECL. A total of 7483 mtr of drilling was carried at a cost of Rs. 9.9 crore. The fund against the above activity will be disbursed to MECL during 2015-16. Also during 2015-16, the substantial amount will be spent for undertaking green field exploration in the State of Chhattisgarh.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

NATIONAL ALUMINIUM COMPANY LTD. (NALCO)

Recommendation (Serial No. 11)

The Committee note that NALCO had a plan outlay of Rs. 1181.02 crore at BE 2014-15 which was reduced to Rs. 400.38 crore at RE stage. For the year 2015-16, the outlay has been Rs. 1142.21 crore mainly for development of Greenfield Projects and expansion plans of the Company like captive coal mine Utkal-E Coal Mines, 2nd phase expansion and Addition/Modification/ Replacement (AMR) scheme. The Committee also observe that during 2014-15, the actual utilization was Rs. 224.34 crore upto February, 2015. The Committee note with concern that for many schemes such as Utkal-E Coal Mines, Upgradation of Refinery, Green field projects including solar and wind power projects, 5th stream Alumina Refinery near Pottangi Bauxite Mine, there has been no progress at all. The reasons cited for under utilization of funds by the company include shortfall in CAPEX during the first half of the BE 2014-15, delay in forest clearance, de-allocation of coal block, delay in mineral resources estimation, Detailed Project Report finalisation and pending response from Gujarat Mineral Development Corporation (GMDC) for holding 49% equity in Alumina Refinery in Gujarat due to lesser bids, etc.

The Committee, therefore, strongly feel that NALCO ought to take corrective and preventive steps to remove such bottlenecks coming in the way of implementation of the projects adversely affecting the physical and financial performance of the Company. The Committee desire the Ministry to

take a comprehensive review of the various ongoing schemes of NALCO so that the funds earmarked therefor, are fully and gainfully utilized. In this regard, the Committee note with satisfaction that in order to ensure full utilization of CAPEX in respect of ongoing projects, the company on the advise of the Ministry have chalked out a comprehensive monitoring mechanism comprising of monthly review meetings at the level of CMD, review of status of projects by the Board Committee on projects and engagement of consultants having expertise in the relevant field for reviewing the projects at regular intervals. The Committee would, however, like to be apprised of the impact of such an effective mechanism, proposed to put in place for the timely execution of the ongoing projects.

Action Taken

Following major progress is made pursuant to the monitoring of the Projects:—

(a) The Board Committee on projects is monitoring the various ongoing as well as projects in pipeline on regular basis. As regards, setting up of a 100 MW wind power project at a cost of approx. Rs. 660.00 crore, the documents received from bidders are under scrutiny and the tenders are likely to be finalized soon.

(b) Similarly, for the proposed 1 million TPA alumina refinery project at Damanjodi to be set up at a cost of Rs. 5540 crore, Central Government has taken up with Government of Odisha for the linked Pottangi bauxite deposit.

(c) In the MoU signed with Ministry for the year 2015-16, a higher weightage has been assigned towards fulfillment of CAPEX targets. Further, for improving the execution and monitoring of projects, a parameter on 'training on certification in project management' has been assigned in the MoU.

(d) In view of the implementation of the monitoring system, the project completion has been ensured in many cases.

(e) In addition to above, Department of Public Enterprises (DPE), Government of India has started monitoring the CAPEX targets of selected CPSEs on quarterly basis for information to PMO.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

ADDITION, MODIFICATION AND REPLACEMENT (AMR) SCHEME OF NALCO

Recommendation (Serial No. 13)

The Committee observe that the outlay of AMR scheme of NALCO was of Rs. 346 crore, 416 crore and 404 crore for the years 2011-12, 2012-13 and 2013-14 respectively and NALCO was able to utilize Rs. 287 crore, Rs. 310 crore and Rs. 281 crore respectively during these years which accounts for 83%, 75% and 70% of plan outlay for AMR scheme of NALCO during the year 2011-12, 2012-13 and 2013-14 respectively. The reasons cited for under-utilization of funds by the Company include delay in finalization of contract/order on account of poor responses from bidders, delay in project execution of the 220 KV Transmission Line from Laxmipur to Damanjodi on account of delay in getting various clearances and difficult terrains, delay in work of semi mobile crusher at mines after maoist attack, delay in delivery of various HEMM equipment at Mines, delay in project work of reclaimer, delivery of materials for Rectifier Heat Exchanger in smelter, delay in execution of Lean Slurry ash disposal to mines void projects due to stiff hindrances by locals, short closure of construction work of Compound wall, etc. Taking note of the under utilization of allotted funds by NALCO on AMR schemes, the Committee desire that urgent corrective measures are needed to be taken by the Company for better utilization of funds for AMR scheme as these have a direct bearing not only on the physical and financial performance of the Company but also relevant for improving the safety standards for the work force.

Action Taken

The achievement of physical target *vis-à-vis* projection are given below in Table No. 1.4.

Table No. 1.4 Achievement of physical target vis-à-vis projection

Sl. No.	Product	2012-13			2013-14			2014-15		
		MOU	Actual	Achievement (%)	MOU	Actual	Achievement (%)	MOU	Actual	Achievement (%)
1.	Bauxite (LMT)	61.50	54.19	88%	64.50	62.93	98%	68.25	57.39	84
2.	Alumina Hydrate (LMT)	20.50	18.02	88%	21.60	19.25	89%	21.65	18.51	85
3.	Power (MU)	6,540	6,076	93%	6,341	4,989	79%	5,001	5,131	103
4.	Cast Metal (LMT)	4.30	4.03	94%	4.05	3.16	78%	3.15	3.27	104

Achievement of financial target of AMR *vis-à-vis* projection are given below in Table No.1.5.

Table No. 1.5 Achievement of Financial target *vis-à-vis* projection

Scheme	2012-13				2013-14				2014-15			
	BE	RE	Actual	In % *vis-à-vis* BE	BE	RE	Actual	In % *vis-à-vis* BE	BE	RE	Actual	In % *vis-à-vis* BE
AMR	416	322	310	75	404	351	281	70	440	324	261	59

**Even though there is shortfall in achievement of the financial target set for AMR it has no linear relationship with that of the production achievement as the reasons for achievement of production or performance is not always directly related to the level of CAPEX. Further, there is no major reportable safety violation in the manufacturing units during the years under discussion.

For ensuring the achievement of AMR target on an overall basis, the Company has adopted following steps for achievement of plan target in production units of NALCO:—

1. The AMR expenditures are being monitored on monthly basis by all the units at the level of Complex Executive Directors. Major projects that affect the operational capability of the company are taken on priority basis.

2. Besides review at units, the expenditure and progress of AMR projects is being reviewed at corporate office at its highest level.

3. Dedicated AMR groups have been formed with assigned responsibility at each production units for carrying out the high value AMR projects.

Further to above, as desired by the Committee, the AMR expenditure is being monitored at corporate level for high value AMR projects having value more than Rs. 5.00 crore and the projects having projected spending of more than Rs.1.00 crore during the financial year so that expeditious action can be taken up for early execution of the projects.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

MINERAL EXPLORATION CORPORATION LTD. (MECL)

Recommendation (Serial No. 16)

The Committee observe that although MECL has fully utilized the funds during 2012-13, 2013-14 and 2014-15 for promotional drilling, the physical targets were never achieved by the company except in the year 2014-15. The physical targets in drilling during 2012-13 were 8400 meter and the actuals were only 6258 meter with total expenditure of Rs. 8.50 crore. Similarly, during 2014-15, against the target of 7000 meter drilling, the achievement (upto February, 2015) was 6343 meter with fund utilization of Rs. 11 crore. The Committee note that during 2015-16, Rs. 15 crore has been allocated to MECL for promotional Scheme and Rs. 25 crore have been kept for creation

of capital assets for enhancing exploration capacity. In view of the anticipated increase in mining activities in the near future after passing of the MMDR Amendment Bill, 2015, the Committee feel that role of MECL for exploration work will increase manifold. In this regard, the Committee note that MECL has submitted a proposal to the Ministry for strengthening its exploration capability by procurement of new drilling rigs, upgradation of laboratory workshop, etc. and proposed an amount of Rs. 37.00 crore for 2015-16. The Committee desire that the Government may extend all possible support to MECL to strengthen it and provide the financial requirement of Rs. 37.00 crore proposed for capital investment for the year 2015-16. This would also ensure that the grant for creation of capital assets of Rs. 25.00 crore will be fully utilised for the year 2015-16. The Committee feel that with this entire exercise, the exploration capacity of MECL will be strengthened to a large extent. The Committee may be apprised of the action taken in this regard.

Action Taken

The observations of the Hon'ble Standing Committee regarding performance of MECL with respect to physical targets has been noted by the Ministry. Although there was shortfall in drilling in 2012-13, but during 2013-14 and 2014-15, MECL made intensive efforts to improve performance in the physical targets and the achievements are shown in table no. 1.6

Table No. 1.6 Physical targets and the achievements

Year	Target (m)	Achievement (m)	%
2013-14	7500	8548	114%
2014-15	7000	10719	153%

The funds of Rs. 11.00 crore for 2014-15 was fully utilized. In addition, Rs. 5.00 crore has been utilized out of Mineral Exploration Fund (MEF) for exploration of three projects. MECL would make further improvement in physical and financial performance during 2015-16 and further and all out efforts will be made to fully utilize allocated funds for exploration of projects under promotional scheme of Ministry of Mines, Government of India.

MECL is replacing the old plant and machineries in phased manner and steps are also being taken to upgrade the technology and add new advanced and latest machineries/equipment to increase its production and productivity, and to bring overall reduction in production cost.

In view of the anticipated increase in mining activities in the near future, after passing of the MMDR (Amendment) Act, 2015, work of MECL will increase considerably. Taking this into account, MECL is planning to strengthen its capability by procuring 13 nos. of hydrostatic drills and upgrading laboratories by constructing a new integrated complex for laboratories and procuring latest equipments for the same. Workshop facility is also being enhanced by constructing new workshop, and procuring induction hardening plant and bit manufacturing plant to be housed therein In modernization programme, MECL has already initiated action for procurement of following equipments during 2015-16:—

1. Drilling equipment and accessories
2. Laboratory equipments
3. Geophysical survey and instrumentation equipments
4. Geometrics, survey and reprography equipments
5. Hardware and software for GR/FR/DPR

With the effective implementation of above action plan and utilization of grant for creation of capital assets of Rs. 25.00 crore, the exploration capacity of MECL would be strengthened to a large extent.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

NATIONAL MINERAL EXPLORATION TRUST

Government Funding for Exploration

Recommendation (Serial No. 18)

The Committee are pleased to note that the Government is to set up a National Mineral Exploration Trust in terms of the MMDR (Amendment) Act, 2015. The Committee understand that the Trust would be funded by an additional levy not exceeding 2 per cent of the royalty. However, given the need for intensive exploration of the entire landmass of the country, it is necessary to accelerate the progress of exploration work and also employ the most modern scientific and technological methods therefore. This effort will also require a close collaboration with academic and research institutes both in the country and abroad. The Committee also understand that the requirements projected for the 12th Plan for mineral exploration were substantially reduced. In the light of the above, the Committee recommend that Government should

provide substantial funds as grants to the National Mineral Exploration Trust (NMET) so as to supplement contributions received from industry.

Action Taken

The recommendation of the Standing Committee on Coal and Steel for augmenting the resources of NMET by way of grants from Government has been accepted by the Ministry. The Ministry is in the process of framing the NMET Rules, 2015. The Ministry has incorporated a provision for funding of NMET additionally by way of grants-in-aid from the Government over and above the provision of receiving a contribution equivalent to two per cent of the royalty from the holders of a mining lease or a prospecting license-cum-mining lease.

Geological Survey of India (GSI): The Government of India have enacted the Mines and Minerals Development and Regulation (Amendment) Act, 2015 on 26th March, 2015 which is deemed to have come into force on 12th January, 2015. As per the provisions of this ordinance, the NMET is being set up with the objective of using the funds accrued to this Trust for the purposes of regional and detailed exploration of mineral deposits.

Collaborative items with academic and research institutes both in the country and abroad in the field of mineral exploration are being taken up by GSI, based on both requirement and opportunity.

Regarding the funds utilized for the mineral exploration work in GSI during the 1st three years of XII Plan, during the financial year (FY) 2012-13 the BE grant for mineral exploration scheme was Rs. 22.90 crore which was enhanced in the RE stage to Rs. 25.29 crore and the actual expenditure was Rs. 25.16 crore. Similarly, during FY 2013-14 the BE grant for this scheme was Rs. 25.25 crore which remained unchanged at the RE stage and the actual expenditure was Rs. 25.02 crore. During FY 2014-15, the BE grant for mineral exploration scheme was Rs. 42.04 crore which was subsequently reduced at the RE stage to Rs. 31.74 crore and the actual plan expenditure was Rs. 31.54 crore.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

CAPACITY BUILDING

Recommendation (Serial No. 19)

At present capacity available with the State Governments for exploration

activities is of very limited nature. The States exploration activities need to be substantially strengthened if the new policy brought about by the MMDR Amendment Act, 2015 is to be adequately implemented. The Committee recommend that a scheme of providing grants to the State Governments as well as other assistance for capacity building should be worked out so as to upgrade the capability at state level to a certain minimum standard within a definite time frame.

Action Taken

The GSI's Training Institute is providing all the required assistance to all the Directorates of Mining and Geology (DGM) of different States through respective Regional Training Institutes (RTIs) and Field Training Centres (FTCs) in the geo-science subjects, in particular, mineral exploration (including UNFC, integrated approach etc.), ore microscopy, petrographic techniques, drilling technology, engineering geology, environmental geology, earthquake geology, geological mapping, GIS, DGPS/Total Station Survey, etc. towards capacity building. Towards this end, GSI has opened six RTI's and twelve FTC's for providing easily accessible training opportunities to all the DGMs' as well as to other geological organizations/institutions who wish to avail the training facilities provided by GSI.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Serial No. 12)

The Committee, further, note that the project relating to upgradation of Alumina Plant of NALCO to expand the fourth stream of Alumina Plant capacity from 21.00 lakh TPA to 22.75 lakh TPA has been commissioned and is likely to be completed in all respects during the current fiscal which may also result in savings to the tune of Rs. 49.00 crore. The Committee observe that although a provision of Rs. 21.00 crore in BE for the year 2014-15 was made for upgradation of Refinery, it was revised at RE stage to Rs.32.40 crore. However, the actual amount spent for the purpose was only Rs. 14.51 crore up to February, 2015. According to the Ministry, although the project has been completed for achieving required production, some ancillary facilities are yet to be completed and may spillover to 2015-16. The Committee desire that the NALCO should draw-up a time schedule for early completion of the fourth stream of Alumina Project including ancillary facilities so that the enhanced capacity of the plant could be better utilised. The Committee would like to be apprised of the action plan of the NALCO in this regard.

Action Taken

4th Stream Upgradation Project of Alumina refinery has been completed except the ancillary facilities awarded on M/s HDO. The ancillary facilities consist of milk of lime plant, chemical dosing system and integration of Thickened Tailings Disposal System. It may be mentioned here that these facilities do not have any direct impact on the capacity utilization of the upgraded 4th Stream and the same is already operating at its rated capacity. However, for completion of the balance facilities quickly, matter was taken up with M/s HDO and as per their commitment, all balance facilities are expected to be completed by June, 2015.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

ANNUAL PLAN OF PSUs

Recommendation (Serial No. 2)

The Committee are concerned to note that although Rs. 1729.39 crore was earmarked at BE stage during 2014-15 for Public Sector Undertakings (PSUs) under the Ministry of Mines [through Internal and Extra Budgetary Resources (IEBR)], the same was reduced to Rs. 629.64 crore at RE stage and the actual utilization was only Rs. 445.04 crore (upto February, 2015) which comes to just 64% of the RE. Similarly, for the year 2013-14, the BE of Rs. 2452.12 crore was drastically reduced to Rs. 952.75 crore at RE stage and the actual utilisation was only Rs. 821.00 crore. The Committee feel that under-utilisation of funds year after year earmarked under IEBR for various PSUs reflects serious shortcomings in the implementation of ongoing projects as well as setting of unrealistic targets. The Committee, therefore, recommend that besides preparing realistic budgetary proposals, there is an imperative need to ensure that the expenditure by PSUs is closely monitored by the Ministry to ensure the better utilization of the earmarked funds.

Action Taken

The projections *vis-à-vis* achievement of the projects implemented under I&EBR of NALCO are highlighted in table 1.2.

Table 1.2 : The Projection *vis-à-vis* achievement of the Projects Projected under I&EBR

(Rs. in crore)

Name of Scheme/Programme	2014-15		
	Annual	RE	Actual (Prov. Expenditure)
1	2	3	4
Captive Coal Mine Utkal e-Coal	123.29	7.96	4.00
Upgradation of Alumina plant	21.00	32.40	15.73

1	2	3	4
Greenfield Projects	592.16	35.51	1.14
Pottangi Bauxite Mines and 5th Strm Refinery	1.00	0.53	–
220 KA Upgradation of Smelter	3.54	Nil	–
Additions/Modifications Replacements (AMRs)	440.03	323.98	261.43
Total	1,181.02	400.38	282.30

The major reasons for reduced expenditure in 2014-15 are given below:—

(a) **Coal Mines (Utkal–E):** Pursuant to the order dated 24.9.2014 of Hon'ble Supreme Court of India, allocation of Utkal-E Coal block in favour of NALCO stands withdrawn and further work in Utkal E-Coal block has been kept on hold. No further expenditure could be made on this head.

(b) **Upgradation of Alumina Plant:** Against the approved project cost of Rs. 409 crore, a cumulative sum of Rs. 343.33 crore is spent upto March, 2015. Company is expecting a saving to the extent of about Rs. 66.00 crore in this project. Since the project is fully commissioned, no further major expenditure is anticipated under this head. Accordingly, the RE 2014-15 projection of Rs. 32.40 crore was based on the actual progress of the project and execution of some ancillary facilities. However, due to delay in execution, about 50% of the RE projection could be spent and balance spilled over to next year.

(c) **Greenfield Project:**

(i) **Gujarat Refinery:** The projected CAPEX of Rs. 587.00 crore could not be spent during the financial year pending investment decision, which is dependent upon consent from GMDC for equity participation in the project besides other issues. No sum could be spent under this head during the current year.

(ii) **Other Projects:** Projects such as Caustic Soda project (BE 2014-15 allocation Rs. 1.02 crore), Aluminium Conductor Plant (BE 2014-15 allocation Rs. 1.6 crore), roof-top solar

plant (BE 2014-15 allocation Rs. 1.40 crore) and Overseas Mineral acquisition projects (BE 2014-15 allocation Rs. 85 crore) did not have expected progress. Negligible sum could be spent under these heads due to lesser than expected progress.

(d) 220 KA Upgradation of Smelter: The project activities could not commence, pending a study on alternate options of considering higher amperage pots. Since the project is under hold, no further projection was made in RE stage, accordingly no expenditure was be made.

(e) AMR Projects:

Lower expenditure made during the year is due to delay in execution of the following major projects to the following reasons:—

(a) Refinery:

(i) 220 KV Transmission Line Project from Laxmipur,

(ii) Peripheral road and Boundary wall,

(iii) Back Pressure Turbo-Generator-5 (BPTG-5).

(b) Smelter:

(i) Modification of Sprinkler System in 220 KV sub-station,

(ii) Fume Treatment Centre (FTC),

(iii) 3 nos. of Centrifugal Compressors,

(iv) Revamping of de-dusting systems in butt handling,

(v) Rooftop solar panel,

(vi) Augmentation of de-fluoridation plant;

(c) CPP:

(i) Rail Transportation System,

(ii) Signalling and Telecommunication System,

(iii) Coal handling and allied logistics System,

(iv) Civil works and Ash Management Project.

The delay is mainly due to delay in execution by the executing agencies, poor response to the tendering process, local resistance to the projects in some cases and delay in availability of various statutory clearances required for the project.

Follow-up of the Plan Expenditure:

The Company has adopted following steps for achievement of Plan target in production units of NALCO:–

1. The Plan expenditures are being monitored on monthly basis by all the units at the level of complex head. Major projects that affect the operational capability of the company are taken on priority basis.

2. Besides review at units, the expenditure and progress of plan expenditure projects are being reviewed at corporate office at its highest level.

3. Dedicated AMR groups have been formed with assigned responsibility at each production units for carrying out the high value AMR projects.

4. The internal system is being revisited to ensure that target setting remains realistic.

Further to above, plan expenditure is being monitored at corporate level regularly at CMD's monthly review meeting. Further, quarterly review of the plan expenditure is being made at Ministry level for course correction of the plan expenditure.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

Comments of the Committee

(Please *see* para 7 of Chapter-I of the Report)

NATIONAL -INSTITUTE OF MINERS' HEALTH (NIMH)

Recommendation (Serial No. 17)

The Committee note that the National Institute of Miners' Health (NIMH) established in 1990 is the only Institute exclusively devoted to occupational health issues of mine workers. The Institute has done pioneering works like conducting large scale studies on exposure to equipment induced vibration,

formulated guidelines for health risk assessment, noise mapping in mines, detection of high prevalence of silicosis among stone mine workers in Karauli District of Rajasthan etc. The Committee note that the Institute is currently implementing a large scale Multi-centric study on dust related diseases and developments of sustainable preventive programmes, sponsored by the Ministry of Mines and the Ministry of Labour.

While appreciating the pioneering works being undertaken by the Institute, the Committee desire that the Government should extend all possible support for ensuring that the Institute is able to carry out its works without any kind of physical or financial constraints. The Committee further recommend that utmost attention should be given to implement the suggestions made by the Institute on issues concerning the health of mine workers.

Action Taken

The Institute in its march towards the objectives, goals and vision of *"Safe Mines and Health Miners"* is taking forward strides in its endeavor to help the mining and mineral based industry in detection, prevention and control of occupational health problems at workplace through a focused program of work environment monitoring, health surveillance and health promotion.

At present, the Government is sponsoring the following S&T projects to the Institute:—

- Development of standard framework and guidelines for noise mapping in mines and surrounding community (total cost of the project Rs. 78.10 lakh; duration—3 years; sponsored by— Ministry of Mines).
- Evaluation of biomarkers for early detection of noise induced hearing loss in the mine workers. (total cost of the project Rs. 90.86 lakh; duration—3 years; sponsored by—Ministry of Mines).
- Multi-centric study of dust related diseases in stone mines and development of sustainable preventive programme (total cost of the project Rs. 468.40 lakh; duration — 3 years; sponsored by— Ministry of Mines and Ministry of Labour).

The Government has also approved Rs. 225 lakhs for equipment purchase

and re-engineering of physical spaces/creation of new laboratories etc. to the Institute, out of which Rs. 125 lakhs has already been released. In addition to above, the Government has approved Non-Plan grant-in-aid of Rs. 190 lakhs for the year 2015-16 for the Institute.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

Comments of the Committee

(Please *see* Para 16 of Chapter-I of the Report)

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

UTILIZATION OF PLAN AND NON-PLAN OUTLAYS

Recommendation (Serial No. 1)

The Committee observe that the Plan Outlay of Ministry of Mines, for the year 2015-16 has been kept at Rs. 570.58 crore as compared to Plan outlays for the financial years 2013-14 and 2014-15 which were Rs. 467.00 crore and Rs. 567.00 crore respectively. As regards the Non-Plan allocation of Ministry of Mines, the same has been kept at Rs. 585.13 crore for 2015-16 as against Rs. 537.26 crore allocated during 2014-15. The Committee also note that expenditure of Ministry of Mines during the year 2014-15 shows that the Ministry and subordinate offices/attached offices had not been able to fully utilize the outlays allocated during the year. The Committee are concerned to note that for the year 2014-15, the plan allocation at BE stage was drastically reduced to Rs. 330.00 crore at RE stage, mainly on account of scaling down of allocation by Ministry of Finance at RE stage partly due to the relatively less expenditure by GSI and IBM. In this regard, the Committee note that two major projects of GSI namely, Implementation of an Online Core Business Integrated System (OCBIS) and procurement of a Geotechnical Vessel (GTV) could not take off due to delayed approvals as well as some other technical reasons. Similarly, the Mining Tenement System (MTS) of Indian Bureau of Mines (IBM) could not materialise due to the delay in tendering process. The Committee feel that such delays in implementation of such important projects not only render the underutilization of scare resources, but also have a cascading impact on the overall functioning of the organisation. The Committee, therefore, strongly recommend that the Government must analyse the circumstances which have resulted in failure of execution of these projects and to put in place a strong mechanism to take care of such glitches like approval process, tendering and other technical reasons which have been responsible for the delay in execution of the projects to ensure that funds earmarked for various schemes/ programmes would be fully utilised during the year 2015-16.

Another factor which has resulted in the under utilisation of allocated funds is that the funds earmarked under the Tribal-Sub-Plan (TSP) for the North-Eastern Region (NER) could not be utilized as the IBM does not have any specific scheme for Tribal Areas. The Committee would, therefore, like the Ministry to take corrective measure to ensure that earmarked funds for TSP are utilized to the maximum during 2015-16.

Action Taken

The Plan Outlay of GSI for the year 2015-16 in BE is Rs. 462.58 crore as compared to the Plan outlays for financial year of 2013-14 and 2014-15 which was Rs. 496.54 crore and Rs. 266.50 crore (RE) respectively. The Plan expenditure during 2013-14 was very high due to the final instalment payment made for the OGRV which amounted to Rs. 315.00 crore including consultancy charges. As regards the non-plan allocation of GSI, the same has been kept at Rs. 489.45 crore as against Rs. 457.47 crore allocated during 2014-15. During the financial year (FY) 2014-15, the total plan allocation of GSI at BE stage was Rs. 483.70 crore which was drastically reduced at RE stage to Rs. 267.20 crore and further reduced to Rs. 266.50 at FE stage. Against this, the total expenditure during the FY was Rs. 264.50 crore which works out to be 99.25% of the FE grant. Two major projects of GSI *viz.* implementation of Online Core Business Integrated System (OCBIS) and procurement of a Geotechnical Vessel (GTV) could not be taken up due to delayed receipt/non-receipt of requisite approval of the competent authority. Regarding the delay in implementing OCBIS, it is to be clarified that after obtaining Expenditure Finance Committee (EFC) approval for OCBIS project, the Request for Proposal (RFP) approved by the Ministry of Mines was shared with the short listed vendors of [Expression of Interest (EoI)] during February, 2014. Two separate tendering process for OCBIS IA (Implementation Agency) and OCBIS PMU (Program Management Unit) were conducted during March—September, 2014. The tender evaluation committees consisted of internal (GSI) as well as external members of National Informatics Centre (NIC), Department of Electronics and Information Technology (DeiTY) and Ministry of Mines (MoM). After completion of the process of vendor selection, financial sanction for engaging OCBIS IA and PMU was sought from the Ministry of Mines on 26th September, 2014. For approval and sanction of the firm cost obtained through tendering process, Standing Finance Committee (SFC) for Revised

Cost Estimation (RCE) was conducted by the Ministry of Mines. Final approval of OCBIS was received during February, 2015 and Letter of Intent (LoI) was issued to selected OCBIS IA (M/S Accenture Ltd.) and OCBIS PMU (M/s. PwC Ltd.) vendors on 23rd February, 2015. Regarding GTV, the Ministry of Mines has conveyed the decision to GSI that the procurement process of GTV should be started afresh *vide* letter dated 24.02.2015. For supervising the fresh procurement process of GTV, a Task Force has been constituted by the Director General, GSI. The 1st meeting of the Task Force has been held and it has been recommended that fresh Expression of Interest (EoI) should be floated. Pre-defined timelines have also been set for the different stages of the procurement process.

During the current FY 2015-16, allocation of an amount of Rs. 136.00 crore has been kept for the implementation of OCBIS. OCBIS needs periodic monitoring and prompt issuing of resolutions during implementation. This will be achieved through a 3-tier Project Governance Structure including a PMU, Steering Committee at GSI and Empowered Committee at Ministry of Mines. Besides, a major amount in the BE grant is earmarked for the payments towards the maintenance and running costs of the GSI vessels, aircraft and helicopter to be paid to outside agencies like SCI, HAL etc., which are expected to be utilised in time. In view of the taking up of new items of G1 and G2 stage of UNFC exploration under Mission-II and enhanced research activities aimed at the IGC 2020, major procurements of state-of-the-art laboratory and drilling equipment with cutting edge technology are slated to be purchased during the FY 2015-16, which will utilise the allocation under M&E head.

Regarding the funds earmarked under the Tribal Sub Plan (TSP), an amount of Rs. 10.69 crore has been utilised during FY 2014-15, out of the total RE grant of Rs. 10.75 crore under this head which works out to be about 99.44%.

Table 1.1

Year-wise, scheme-wise Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure of plan fund against the approved plan outlay during FY 2013-14 and 2014-15, and budget grant of FY 2015-16

(Rs. in crore)

Schemes	2013-14			2014-15			2015-16
	Grant	RE	Actual Expenditure	Grant	RE/FE	Actual Expenditure	Grant
Survey and Mapping	71.83	71.83	71.66	165.84	129.90	129.39	156.22
Mineral Exploration	25.25	25.25	25.02	42.04	31.74	31.54	53.51
Spl. Investigation	6.12	6.12	6.00	8.17	5.62	5.54	11.00
Research and Development	8.33	8.33	8.25	25.89	12.91	12.56	12.63
Information Dissemination	16.22	16.22	15.67	101.57	24.09	23.84	144.46
HRD	7.78	7.78	7.75	15.21	11.56	11.33	11.82
Mod. and Replacement	249.31	352.45	351.49 *	105.63	39.93	39.61	62.94
TSP	7.16	8.56 $	8.55	19.35	10.75	10.69	10.00
Total	392.00	496.54	494.39	483.70	266.50	264.50	462.58
% of utilisation of fund against allotment (RE)			99.57 %			99.25 %	
Construction budget of GSI	10.00						

*Includes ship payment.
$ Additional grant of Rs. 1.40 crore received under Tribal Sub-Plan Head from Ministry.

(i) 5th installment—Rs. 128.06 crore paid in 12th April, 2013.

(ii) 1st phase of 6th/final installment—Rs. 83.66 crore paid on 2nd August, 2013.

(iii) 2nd phase of 6th final installment—Rs. 98.48 crore paid on 13th September, 2013. Rs. 5.00 crore received in the RE stage for FY 2013-14 for payment to the Indian and foreign consultant of the OGRV.

For IBM Mining Tenement System (MTS):

Mining Tenement System (MTS) has been conceptualized by the Ministry of Mines, wherein its subordinate office of Indian Bureau of Mines (IBM), supported by National Informatics Centre (NIC) will be the nodal agency for executing this system. MTS primarily involves automating the entire mineral concession life-cycle, starting from identification of area and ending with closure of the mine; and connecting the various stakeholders for real-time transfer of electronic files and exchange of data. This shall enable effective management of mineral concession regime and transparency in mining operations, transportation of ore with the help of online electronic weighbridges and check-posts, integrated with MTS.

Request for proposal (RFP) for selection of an implementation agency of Mining Tenement System was finalized and tendered in December, 2013. The closing date for filing of tender was February, 14, but no bids were received. The RFP was then revised by making due modifications—*viz.* inserting limitation of liability clause, change in payment terms, etc. and then retendered on 8.7.2014 and the bid opened on 2.09.2014. Only one bid was received, which could not be processed due to the provisions of Rule 169 of GFR, 2005. Ministry *vide* letter No. 37/5/2004-M.III (Pt.) Vol. MV dated 15th January, 2015 conveyed in-principle approval of the new RFP and authorized Indian Bureau of Mines (IBM) to make necessary changes in compliance with the MMDR (Amendment) Act, 2015, which was notified on 27.3.2015 by the Central Government. The RFP is being modified to incorporate the provisions under the new MMDR (Amendment) Act, 2015 and shifting over to NIC cloud technology. This work is under progress.

For IBM TSP:

IBM is a scientific and technical organization under the Ministry of Mines,

engaged in promotion of scientific/sustainable development of mineral resources, conservation of minerals, protection of environment in mines, and accomplishes it through a gamut of assigned functions. As such within its sphere of activities IBM has neither scope nor any expertise to formulate a scheme for utilization of funds under TSP as per guidelines of Planning Commission (PC)/Niti Aayog and Ministry of Tribal Affairs (MoTA). Therefore, the issue is being once again taken up to PC/(Niti Aayog)/MoTA for exempting IBM or for alternative remedial measures.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

RESTRUCTURING OF IBM

Recommendation (Serial No. 8)

The Committee note that IBM has initiated implementation of 26 non-financial recommendations of Review and Restructuring Committee constituted for the purpose of Review and Restructuring of IBM. The Committee feel that in the wake of transfer of 31 minerals as minor minerals to States after coming into force of MMDR Amendment Act, 2015, the role of IBM needs to be redefined. Although, the Ministry of Mines have submitted that role of IBM would be redefined by way of subordinate legislation by amending Mineral Concession Rules, 1960 and Mineral Conservation and Development Rules, 1988, the Committee feel that immediate steps are needed to be taken by the Ministry of Mines to revise the restructuring proposal of IBM so that it can meet its added responsibilities.

Action Taken

Substantial changes are made in MMDR (Amendment) Act, 2015 to regulate the Act of MMDR 1957; to regulate the mining sector in fair and transparent manner. Auction rules prescribes for sale price of the mineral which shall be based on the prices published by IBM. It is being envisaged to include IBM in the National Mineral Exploration Trust as member. As maintained by the Hon'ble Standing Committee, 31 minerals have been recently declared as minor mineral. Nevertheless the Monitoring Committee is examining the sphere of redefining the concrete role for IBM in the context of new rating regime.

Ministry is also examining the scenario if MCDR is extended to all minerals

including minor minerals which may take some more time. After receipt such report by the Monitoring Committee, Ministry shall examine action plan for IBM.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

Comments of the Committee

(Please *see* para 13 of Chapter I of the Report)

ILLEGAL MINING

Recommendation (Serial No. 9)

The Committee note that there is an increase in the cases of theft of major and minor minerals in different States of the country during the last three years resulting in considerable loss to the national/State exchequer. The Committee also note that total FIR cases registered for illegal mining in different States during 2012-13 were 1970. In 2014-15, these were increased to 3761 and during the year 2014-15 (upto quarter ending December, 2014) these were 2240. The Committee feel that IBM cannot absolve itself of responsibility entrusted to it under MMDR Act and, therefore, recommend that IBM/Ministry should maintain a data of not only of registered FIRs but also the arrest/ outcome of these cases. The Committee also desire that the Ministry should come out with a foolproof mechanism for detection and prosecution in respect of cases relating to illegal mining.

Action Taken

IBM observes illegal mining activities during the course of routine inspections by it. IBM maintains data on registered FIRs etc. through the quarterly return on illegal mining received from various State Governments. In this quarterly return, there is column on court cases filed/decided but not for the arrest/outcome of these court cases. Hence the return format is under consideration to accommodate the changes suggested by the Hon'ble Committee for arriving some foolproof methods for detection/prosecution in such cases.

IBM also maintains database of registered miners, traders, stockist, end-users under Rule 45 of MCDR, 1988. Only registered users can carry out the mining and related activities as per the statute.

The charter of functions of IBM does not include the prevention and control of illegal mining, transportation and storage of minerals. There is no statutory power vested in IBM for checking of illegal mining, transportation and storage of minerals. Moreover, State Governments are the owner of the land and the mineral beneath it; therefore, they are well equipped to shoulder the responsibility to protect the minerals.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

100 MW WIND POWER PLANT OF NALCO

Recommendation (Serial No. 14)

The Committee are happy to note that NALCO had a successful entry in the renewable energy sector with commissioning of two major wind generating units and in order to further strengthen its position in this sector, the company has decided to invest further for a 100 MW plant anywhere in India having a good potential and a tender in this regard has already been floated. For this purpose, a sum of Rs. 495.00 crore has been proposed in BE 2015-16. The Committee find such initiative laudable as it not only promotes the use of non-conventional energy in the country but also enables the Company to earn 'green credit' thereby making it a good investment of money. The Committee would like to be apprised of the progress made in this regard.

Action Taken

NALCO plans to set up 100 MW of Wind Power Plant at any wind potential place(s) in India at an estimated investment of Rs. 660.00 crore. Company's Board has accorded *in-principle* approval for initiating tendering action for selection of wind power developer. Bids have been received in response to our NIT for selection of wind power developer which are under evaluation, that include legal due diligence of lands offered by the bidders, independent wind resource assessment, techno-economic evaluation of the proposals. It is expected that the tender finalization could take place by end of July, 2015. Execution of the project would take twelve months thereafter.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

UTKAL E-COAL MINE PROJECT

Recommendation (Serial No. 15)

The Committee note that Utkal E-Coal Block was de-allocated to the Company in pursuance of the Supreme Court verdict dated 24.09.2014. During the examination of Demands for Grants (2014-15), the Committee were informed that NALCO was in the process of filing a review petition in the Supreme Court to reconsider its decision against the de-allocation. In this regard, the Committee note that with the passing of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, the Company is exploring options based on the provisions of the act to apply for allocation of suitable Coal Blocks through the advice of a consultant in this field. The Company is hopeful of getting the Coal Block re-allocated as the Act empowers the Government of India to allocate Coal Blocks to PSUs and the Company have already sent a formal communication to the Government in this regard. The Committee feel that allocation of the Utkal E-Coal Block for NALCO is very crucial for the company in carrying out its expansion plan. The Committee, therefore, strongly urge the Government to favourably consider the request of the NALCO and the Committee may be apprised of the outcome in this regard.

Action Taken

For re-allocation of Utkal E-coal Block in favour of NALCO, following steps have been taken:—

Hon'ble Minister, Mines and Steel *vide* DO letter dated 31.01.2015 to Hon'ble Minister, Coal and Power, GoI, has requested for allocation of Utkal—D&E coal block in favour of NALCO. Further Hon'ble Minister, Mines and Steel has written another DO letter on 06.02.2015 to Hon'ble Minister, Coal and Power requesting to keep these coal blocks for captive end-use and allocate to Government companies. This issue is being followed up with the Ministry of Coal at different levels.

Further, NALCO is taking up the issue with Ministry of Coal for restoration of coal linkage towards unit 9 and 10. Earlier, with allocation of Utkal E-coal block, 10.93 lakh MT linkage coal supply towards unit 9 and unit

10 of CPP was stopped from 25.02.2011 as per tapering linkage policy. For revival of lapsed linkage Hon'ble Minister of Mines and Steel vide DO dated 24.11.2014 to Hon'ble Minister, Coal and Power, GoI, has requested for restoration of the linkage. CMD, NALCO has taken up with Ministry of Coal *vide* letter dated 14.10.2014 and 30.04.2015 for restoration of coal linkage on account of de-allocation of Utkal-E and till development of any coal mine allotted to NALCO.

[O.M. No. 5/2/2015-IF (288) dated 30.7.2015 of the Ministry of Mines]

NEW DELHI;
3 *December*, 2015
12 *Agrahayana*, 1937 *(Saka)*

RAKESH SINGH,
Chairperson,
Standing Committee on Coal and Steel.

ANNEXURE I

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL (2015-16) HELD ON 19th NOVEMBER, 2015

The Committee sat from 1130 hrs. to 1330 hrs. in Hon'ble Chairperson's Chamber, Room No. '112', First Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Rakesh Singh — *Chairperson*

MEMBERS

Lok Sabha

2. Shrimati Jyoti Dhurve
3. Shri Faggan Singh Kulaste
4. Shri Shailesh Kumar
5. Shri Devji Mansingram Patel
6. Shrimati Ranjit Ranjan
7. Dr. Ravindra Kumar Ray
8. Shri Tamradhwaj Sahu
9. Shri Janardan Singh "Sigriwal"
10. Shri Rama Kishore Singh
11. Shri Sunil Kumar Singh
12. Shri Sushil Kumar Singh
13. Shri Krupal Balaji Tumane

Rajya Sabha

14. Dr. Pradeep Kumar Balmuchu
15. Shri Md. Nadimul Haque
16. Shri B.K. Hariprasad
17. Shri Jugul Kishore

SECRETARIAT

1. Shri U.B.S. Negi — *Joint Secretary*

2. Shri Arvind Sharma — *Additional Director*

3. Ms. Miranda Ingudam — *Deputy Secretary*

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee.

3. The Committee thereafter took up for consideration the following Draft Reports:—

(i) *** *** *** ***

(ii) Report on Action Taken by the Government on the observations/recommendations contained in the Eighth Report (16th Lok Sabha) of the Committee on "Demands for Grants (2015-16)" relating to the Ministry of Mines.

(iii) *** *** *** ***

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairman to finalise the Reports and present the same to both the Houses of Parliament.

5. *** *** *** ***

The Committee then adjourned.

***Do not pertain to this Report.

ANNEXURE II

(*Vide* Para IV of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE EIGHTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

(i)	Total No. of Recommendations made:	19
(ii)	Observations/Recommendations which have been accepted by the Government:	
	(*vide* Recommendation at Sl. Nos. 3, 4, 5, 6, 7, 10, 11, 13, 16, 18 and 19)	11
	Percentage of total	57.89 %
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:	
	(*vide* Recommendation at Sl. No. 12)	01
	Percentage of total	5.26 %
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:	
	(*vide* Recommendation at Sl. Nos. 2 and 17)	02
	Percentage of total	10.52 %
(v)	Observations/Recommendations in respect of which final replies of the Government are still awaited:	
	(*vide* Recommendation at Sl. Nos. 1, 8, 9, 14 and 15)	05
	Percentage of total	26.31 %

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